

April 3, 2001

Honorable Kevin L. Shorey, Senate Chair
Honorable John Richardson, House Chair
Joint Standing Committee on Business and Economic Development
115 State House Station
Augusta, ME 04333

Re: LD 932, An Act to Authorize the Maine State Housing Authority to
Administer an Electric Assistance Program.

Dear Senator Shorey and Representative Richardson:

The Commission will testify in support of LD 932, An Act to Authorize the Maine State Housing Authority to Administer an Electric Assistance Program, and will offer an amendment that would increase flexibility to the procedures contained in the bill. The Commission will be present at the work session and will be pleased to work with the Committee as it considers this bill.

Currently, the investor-owned utilities in Maine -- Bangor Hydro-Electric Company (BHE), Central Maine Power Company (CMP), and Maine Public Service Company (MPS) – provide financial assistance to low-income customers in accordance with each utility's Terms and Conditions. Each low-income program is administered by the utility, with oversight by the Maine Public Utilities Commission (MPUC). A customer is certified to receive assistance by the local Community Assistance Program (CAP) agency, which determines need by examining the customer's income and utility-supplied kWh usage. Eligibility criteria, level of assistance, and administrative costs vary among utilities.

When developing Maine's law governing electric restructuring, the Legislature included a provision that requires utilities to offer a needs-based low-income assistance program. Title 35-A MRSA § 3214 states that the MPUC shall "receive funds collected by all transmission and distribution utilities in the State at a rate set by the commission in periodic rate cases" and "set initial funding for programs based on an assessment of aggregate customer need..." Since 1999, stakeholders have met periodically to develop a post-restructuring low-income program, and the MPUC is currently conducting a rulemaking to implement a revised program for all utilities in the State.

While implementation details may vary among utilities, the revised program will allow all utilities' customers the opportunity to receive low-income assistance. Program funds will be allocated to utilities based on needs-based criteria determined in the rulemaking.

The most effective way to carry out this program is to authorize the Maine State Housing Authority (MSHA) to administer the program in all utilities' territories. MSHA already administers the distribution of LIHEAP funds, a function similar to oversight of an electric low-income program. For example, the administrator must determine eligibility, work closely with CAP agencies to implement the program, monitor participation levels, and determine program effectiveness. With this in mind, the MPUC and the MSHA have worked together to develop LD 932, which grants this authority to MSHA and sets forth the terms under which administration shall be implemented.

The low-income program is scheduled for implementation by October 1, 2001. Before that time, MSHA must implement rules pursuant to the bill's provision, and the CAP agencies must train personnel to implement the program. Because of this timetable, the bill includes an emergency preamble.

Finally, we recommend an amendment that would increase funding flexibility over time. The amendment is attached to this testimony.

In summary, we urge the Committee to vote out LD 932 as "ought to pass as amended" because MSHA is the entity best suited to provide efficient and effective oversight of a low-income program that operates throughout the State. If you have any questions, please do not hesitate to contact me.

Sincerely,

Derek D. Davidson
Director, Consumer Assistance Division